

**SUBPART 225.7--PROHIBITED SOURCES**

*(Revised February 14, 2003)*

**225.701 Restrictions.**

See 209.104-1(g)(i) for restrictions on contracting with firms owned or controlled by foreign governments that support terrorism. See 209.104-1(g)(ii) for prohibition on award of a DoD contract under a national security program to an entity controlled by a foreign government when access to proscribed information is required to perform the contract.

**225.701-70 Exception.**

DoD personnel are authorized to make emergency acquisitions in direct support of U.S. or allied forces deployed in military contingency, humanitarian, or peacekeeping operations in a country or region subject to economic sanctions administered by the Department of the Treasury, Office of Foreign Assets Control.

**225.770 Secondary Arab boycott of Israel.**

**225.770-1 Restriction.**

In accordance with 10 U.S.C. 2410i, do not enter into a prime contract with a foreign person, company, or entity unless it has certified that it does not comply with the secondary Arab boycott of Israel.

**225.770-2 Procedures.**

For contracts awarded to the Canadian Commercial Corporation (CCC), the CCC will submit a certification from its proposed subcontractor with the other required precontractual material (see 225.870).

**225.770-3 Exceptions.**

The restriction does not apply to—

- (a) Purchases at or below the simplified acquisition threshold;
- (b) Contracts for consumable supplies, provisions, or services for the support of the United States or of allied forces in a foreign country; or
- (c) Contracts pertaining to any equipment, technology, data, or services for intelligence or classified purposes, or the acquisition or lease thereof in the interest of national security.

**225.770-4 Waivers.**

The Secretary of Defense may waive the restriction on the basis of national security interests. Waiver requests should be forwarded to the Director of Defense Procurement, Office of the Under Secretary of Defense (Acquisition, Technology, and Logistics).

**225.770-5 Solicitation provision and contract clause.**

Unless an exception applies or a waiver has been granted, use the clause at 252.225-7031, Secondary Arab Boycott of Israel, in all solicitations and contracts.

**225.771 Prohibition on acquisition from the People's Republic of China.**

**225.771-1 Definition.**

"People's Republic of China" is defined in the provision at 252.225-7017, Prohibition on Award to Companies Owned by the People's Republic of China.

**225.771-2 Legal authority.**

This section implements Section 8120 of the DoD Appropriations Act for fiscal year 1999 (Pub. L. 105-262), as amended by Section 144 of Title I, Division C, of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999 (Pub. L. 105-277).

**225.771-3 Prohibition on contract award.**

If using fiscal year 1999 funds made available by Title III (Procurement) or Title IV (Research, Development, Test and Evaluation) of Pub. L. 105-262, do not award or renew a contract with any company in which the Director of Defense Procurement has determined that the People's Republic of China or the People's Liberation Army of the People's Republic of China owns more than 50 percent interest.

**225.771-4 Procedures.**

(a) Forward any information that the People's Republic of China or the People's Liberation Army of the People's Republic of China owns more than 50 percent interest in a company, through the head of the agency, to the Director, Defense Procurement, ATTN: OUSD(AT&L)DP/FC, 3060 Defense Pentagon, Washington, DC 20301-3060.

(b) Upon verification of the information, the Director of Defense Procurement will ask the General Services Administration to list the company as ineligible on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs.

**225.771-5 Solicitation provision.**

Use the provision at 252.225-7017, Prohibition on Award to Companies Owned by the People's Republic of China, in solicitations for contracts that will use fiscal year 1999 funds made available by Title III or IV of Pub. L. 105-262.